



**Testimony in Support of Requiring Payment of Prevailing Wages to Construction Workers
Employed in Projects Benefitting from Economic Development Tax Credits: H7985**

House Committee on Finance

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We support Representative Potter's House Bill 7985 and her proposal to require companies benefitting from Rhode Island's tax credit for economic development programs to pay their construction workers according to prevailing industry wages. H7985 would apply to the following programs: the Rebuild Rhode Island Tax Credit; Motion Picture Production Tax Credits; Historic Preservation Tax Credits; and the Rhode Island New Qualified Jobs Incentive.

The state already requires contractors receiving public works contracts to pay prevailing wages. **Because an economic development tax credit transforms a project into a kind of public-private partnership, with state funds subsidizing construction, businesses receiving such tax credits should have the same obligations as those working on public works contracts.** Even though tax credits are a form of foregone revenue rather than the direct distribution of funds, they are still considered **a type of public expenditure**. Furthermore, requiring the payment of prevailing wages helps workers and helps keep more jobs local.

If the state and taxpayers have an interest in ensuring that construction workers receive prevailing wages on fully public contracts, they should have a similar interest in any projects to which the state is a financial partner. We should not be subsidizing companies paying their construction workers below the level of prevailing wages.